USDA

SINGLE FAMILY HOUSING GUARANTEED LOAN LOSS CLAIM AND FUTURE RECOVERY

USER GUIDE

Version 2.0

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Introduction

The *Single Family Housing Guaranteed Loan Loss Claim and Future Recovery User Guide, Version 2 (User Guide)* provides comprehensive instructions for the new Guaranteed Rural Housing Loss Claim Input Worksheet (filename *RHSLoss V12.xlt*), a Microsoft Excel 2000 template that replaces a Microsoft Excel 97 template. This template is for participating lender servicers and Rural Housing Service (RHS) personnel to use in preparing Single Family Guaranteed Rural Housing (GRH) loss claims and future recovery remittances.

The workbook includes the *GRH Loss Claim Checklist* and the *GRH Loss Claim Input Worksheet*, which upon completion automatically fills the Form RD 1980-20, "*Rural Housing Guarantee Report of Loss*," for printing and signature. A *Future Recovery Calculator* is included which will calculate the amount of any future recovery owed to RHS. The *Future Recovery Calculator* worksheet includes an allowance for certain capital improvement expenses and Real Estate Owned (REO) seller concessions incurred by the lender, which resulted in an increased sales price for the REO property. The calculator also calculates an allowance for real estate commissions based on the difference between the appraised value in which the loss claim was based and the actual sales price of the REO. A *Loss Claim Manual Input Worksheet* and manual *Form RD 1980-20* are also included so a user may print and complete these tools when needed. Additionally, the *Table to Determine the Number of Days Between Any Two Given Dates, 365-Day Basis*, is included for the calculation of interest accrual, which determines the number of days between any two given dates. Rural Development (RD) no longer calculates loss payments on a 360-day basis. Any of the worksheets can be printed and used manually. However, a lender with Microsoft Excel capability should use the automated version to complete the loss claim or future recovery calculations.

Advantages of the Automated GRH Loss Claim Process

⇒ *Increased efficiency* reduces the need for manual review of supporting documentation, allowing for enhanced claim processing speed and uniformity.

⇒ *User-friendly* template opens directly into the *GRH Loss Claim Input Worksheet* where the user enters the loan level detail. Worksheets are clearly labeled to facilitate access and printing of the completed worksheets and Form RD 1980-20, "Rural Housing Guarantee Report of Loss."

⇒ *Fast completion* when the input figures are readily available so that the User may complete claim forms in minutes.

⇒ *Automated computations*, including the number of days of interest accrual, prevents errors. For example, the automated *GRH Loss Claim Input Worksheet* and Form RD 1980-20 are designed so that appropriate sections are left blank if a lender has **not** sold the REO and is basing the claim on a "liquidation" property value and estimated REO management and disposition costs.

⇒ *"Warning" messages* are built in to help the user enter the right variable in the correct section of the form and to alert the user when a loss exceeds the 90 percent limit or when there is no loss.

⇒ *Enhanced Guidance* is given in "comment boxes" that provide more information on what's required in certain fields when the user clicks on the small red triangles in a field.

⇒ *Detailed Information* is included when calculating loss claims when more than one bankruptcy has occurred. Users will benefit from the new automated *Additional Bankruptcy Worksheet*.

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Helpful Hints

$\Rightarrow$ The tabs along the bottom of the spreadsheet represent the worksheet names used in this Guide: *GRH Loss Claim Input Worksheet*; *Additional Bankruptcy Worksheet*; *Automated Form RD 1980-20*; *GRH Loss Claim Checklist*; *Manual GRH Loss Input Worksheet*; *Manual Form RD 1980-20*; *Future Recovery Calculator*; and, *Table 365*. To scroll through the sheet tabs, use the scroll bar arrows to the left of the sheet tabs.

$\Rightarrow$ Completing the *GRH Loss Claim Input Worksheet* in Part VII will pre-fill the entire automated Form RD 1980-20.

$\Rightarrow$ Row references indicate the spreadsheet row numbers on the left of your spreadsheet screen.

$\Rightarrow$ The worksheets are protected and must not be unprotected or changed.

$\Rightarrow$ To move through the application, the Tab or enter key will automatically take you to the next input cell.

$\Rightarrow$ All cells are formatted. Do not enter dollar signs ($) or commas. Use decimal figures such as 9003.57 for $9,003.57.

$\Rightarrow$ All computations are automated.

$\Rightarrow$ An Asterisk * indicates fields that are auto-populated.

Completing the "GRH Loss Claim Input Worksheet"

Starting Point

File Name: *RHSLoss v12.xlt*

Upon opening the file in Microsoft Excel 2000, the *GRH Loss Claim Input Worksheet* appears. Your cursor should be in data field (Row 4, Column A) under the heading Part I, *General Information*. **Field locations** (row numbers and column letters) are listed below and refer to the row and column in the spreadsheet that corresponds to the information that should be entered by the user, when applicable.

Part I   General Information

Field	*Enter/Input*
4	Borrower Social Security Number **without** hyphens (i.e., 241712345 will be displayed as 241-71-2345)
5	Borrower Name
6	Co-borrower Social Security Number (SSN) **without** hyphens
7	Co-borrower Name
8	Borrower's Last Known Mailing Address
	Note: If forwarding information is unknown, enter the property address and phone number.
9	Subject property address City, State and Zip Code
10	Borrower's last known telephone number
11	Name of the Loss Claim Contact Person for the RHS account
12	Telephone number for the Loss Claim Contact Person mentioned in Row 11 (10-digit number)
13	Fax telephone number for the Contact Person in Row 11 (10-digit number)
14	E-mail address for the Loss Claim Contact Person
15	Servicing Lender ID Number (9-digit Tax ID number **without** hyphens (i.e., enter 123456789)).
16	Servicing Lender Branch number (3-digit RHS assigned branch number for the lender)
17	Servicing Lender Name
18	Holding Lender ID Number (9-digit Tax ID number **without** hyphens (i.e., enter 123456789)).
19	Holding Lender Branch Number (3-digit RHS assigned branch number for the lender)
20	Holding Lender Name
21	Holding Lender Address
22	Holding Lender City, State and Zip Code of Payee
23	Recipient of Loss Claim Payment (Select one from the drop down list. You must complete field 17 and field 20 to populate the dropdown)
24	Report Type Code (Select response from the drop down list. "2-Final Loss" is the default)
25	Original Loan Amount on which the loan guarantee was based
26	Modified Loan Amount, applicable only when original amount, was modified

Completing the "Loss Claim Input Worksheet" (continued)

Part I   General Information (continued)

Field	Enter/Input
27	Escrow Balance as of Last Borrower Payment
28	Other Recovery (i.e., Insurance Loss, Judgment Collection, etc.)
29	Cost of Collection of "Other Recovery" listed above
30	Method of Liquidation *Note: Select one from the drop down list: Foreclosure, Deed-in-Lieu, Short Sale, or Foreclosure/3rd Party*
31	Original List Price
32	Final List Price
33	Amount Property Sold For (completed when property is sold to third party)
34	Borrower(s) Released from Liability? (Select one from drop down list)

Completing the "GRH Loss Claim Input Worksheet" (continued)

Part II   Calculation of Accrued Interest

Field	*Enter/Input*
37	Unpaid principal balance of the loan (not including interest or protective advances)
38	Current Note Interest Rate (decimal format, i.e. 10.25, 7.875)
39	* Daily Interest Accrual - *automatically calculated* *
40	Due Date (mm/dd/yyyy) of the Last Borrower Payment Made (Date Interest Paid Through)
41	Date of Foreclosure Initiation, if applicable. This field is required for foreclosure and foreclosure to third-party liquidation methods and is the date of the first legal action required by law to initiate foreclosure.
42	Date of Foreclosure Sale or Deed-in-Lieu execution (do not include post-sale redemption or sale confirmation period)
43	Date of Redemption Expiration, if applicable (Required for properties in Michigan, Minnesota and South Dakota)
44	Number of Bankruptcy(s) Filed
45	Date Bankruptcy Filed. If borrower has more than one bankruptcy then utilize the *Additional Bankruptcy Workbook to input all additional bankruptcies*. **Single click** on the gray button located to the right of Row 45. Then input up to three *Additional Bankruptcies,* as follows:

<blockquote>

Row 8   Date Bankruptcy was filed, if applicable

Row 9   Bankruptcy Chapter

Row 10 Bankruptcy Case Number

Row 11 Due Date of Last Payment Made Prior to Bankruptcy

Row 12 Date Bankruptcy Released, if applicable

</blockquote>

46	Chapter Number of the Bankruptcy Filed (Enter in sequential order, if more than one)
47	Case Number(s) of the Bankruptcy Filed (Enter in sequential order, if more than one)
48	Due Date of Last Payment made prior to Bankruptcy. This date correspondents with the first bankruptcy as filed, prior to any subsequent payments made during the bankruptcy.
49	Date Bankruptcy Released or Dismissed or Motion for relief was granted, if applicable
50	Date Eviction Started, if applicable
51	Date Eviction Completed, if applicable
52	*Input is not required in this row. Complete "Settlement Date" value in row 53, 54, **or** 55.*
53	Sale Date if Sold to Third Party (enter only one date)
54	Date up to 6 Months from Date of Foreclosure if Property Not Sold (enter only one date)
55	Date Mutually Determined by Lender and RHS (enter only one date)
	*Note: If date is entered on more than one row (in **rows 53-55**), or if no date is entered, an error message will appear.*
56	* Number of Days of Interest - *automatically calculated* *
57	* Total Accrued Interest Claimed - *automatically calculated* *

Completing the "GRH Loss Claim Input Worksheet" (continued)

Part III   Foreclosure Protective Advances Paid Prior to Settlement Date

The information to complete this section may be obtained from lender records such as a "mortgage loan" history.

Field	Enter/Input
62-73	Select the Type of Advance (i.e., Insurance, Forced Placed Insurance, Property Taxes, etc.) and also enter corresponding Advance Date, Effective Date and Amount of Advance (paid **after** the date of the last borrower payment) Examples of "other" protective advances are pre-foreclosure written inspections and protective custody expenses related to abandoned property.
74	*Input is not required in this row.*
75	* Total Protective Advance - *automatically calculated* *
76	* Interest on Protective Advances Paid Prior to Foreclosure Sale Date – Optional field which RHS calculates based on advance date and debenture interest rate *
77	*Input is not required in this row.*
78	Amount of Last Insurance Premium listed above (Includes all insurance, paid **after** the date of the last borrower payment, but before liquidation of the account.)
79	Effective Date (mm/dd/yyyy) of Last Insurance Paid listed above
80	* Number of Days Policy in Force - *automated field* *
81	* % Lender's Prorated Portion - *automated field* *
82	* Prorated Insurance Subtracted in Claim - *automated field* *

Completing the "GRH Loss Claim Input Worksheet" (continued)

Part IV   Expenses Associated with Liquidation and Sale of Property

*COMPLETE THIS SECTION ONLY IF THE PROPERTY WAS **SOLD** AND IS **NOT** IN THE LENDER'S REO INVENTORY.* This section is to be completed for a pre-foreclosure sale before foreclosure, a sale to a third party at the foreclosure sale, or a sale of REO property. Only eligible fees are to be entered. Copies of receipts are required.

Note: Each row of expenses must be segregated between costs incurred prior to title acquisition (Liquidation Costs) and costs incurred after acquisition of title (REO Costs).

Field	Enter/Input
85	Actual Foreclosure Attorney Fees incurred associated with the most recent liquidation action.
86	Actual Foreclosure Attorney Costs incurred associated with the most recent liquidation action. *Note: The Agency will not reimburse attorney fees or costs (Row 85 and 86) incurred for a prior liquidation action which was reinstated by the borrower, voluntarily or through bankruptcy, or for which the foreclosed property was redeemed.*
87	Actual Eviction Expenses incurred.
88	Actual Bankruptcy Attorney Fees incurred associated with the most recent liquidation action.
89	Actual Bankruptcy Attorney Costs incurred associated with the most recent liquidation action. *Note: The Agency will not reimburse attorney fees or costs incurred for a prior liquidation action which was reinstated by the borrower, voluntarily or through bankruptcy, or for which the foreclosed property was redeemed.*
90	Amount of *written* property inspections performed by a property preservation company or licensed inspector, such as a termite and dry rot company. Inspections performed by realtors are not reimbursed.
91	Amount of Actual Utility Costs (i.e., electric, gas, water)
92	Property Preservation Costs. Enter one-time costs associated with securing and preserving the property (i.e., lock changes, debris removal, winterization).
93	Property Maintenance Costs that cover recurring fees (i.e., yard maintenance, snow removal).
94	Pre-authorized Repairs (i.e., cosmetic and structural repairs **approved by RHS**).
95	Sales Expenses. Enter the amount of seller paid closing costs deducted from contract sales price from HUD-1. Lenders are to deduct any credits from the HUD-1 against actual sales expenses for taxes or ineligible expenses such as outsourced REO management fees.
96	Appraisal amount or Broker Price Opinion (BPO). Enter the cost of property valuations.
97	Amount of any other miscellaneous expense actually incurred but not categorized in Rows 85-96. An example of a miscellaneous expense could be a pre-foreclosure BPO for foreclosure bid.
98	* Total of all expenses associated with liquidation and REO disposition - *automated field* *

> **Note:** *If the property is unsold, then fields 90 through 97, under **REO Costs** column, are not included in this part because the costs are included in the REO Acquisition factor.*

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Completing the "GRH Loss Claim Input Worksheet" (continued)

Part V   Buydown

Field	Enter/Input
102	Buydown Balance Remaining in Escrow, if applicable.

Part VI   Allowance for REO/Resale Expenses

*COMPLETE THIS SECTION ONLY IF THE PROPERTY WAS **NOT SOLD** AND IS IN THE LENDER'S REO INVENTORY. Refer to Part IV for a detailed description of each expense.*

Field	Enter/Input
106	Appraised Value (Lenders must request a liquidation appraisal for the Agency. Once the appraisal is received by the Agency, the Agency will provide the value to the lender and it should be entered here.)
107	Acquisition Management, Resale Factor (See "*RD Instruction 1980-D, Exhibit D*")
108	* Appraised Value X Factor - *automated field* *

Completing the "Loss Claim Input Worksheet" (continued)

Submitting the Loss Claim

Submit the completed *GRH Loss Claim Input Worksheet* and the *Additional Bankruptcy Worksheet*, if applicable, along with the completed, signed; Form RD 1980-20 and any required supporting documentation.

Printing the GRH Loss Claim Forms:
⇒ "Print" buttons are located in Row 110 and you should click on one of the following:
  ➢ *Print GRH Loss Claim Input Worksheet*
  ➢ *Print GRH Loss Claim Input Worksheet* and *Additional Bankruptcy Worksheet*
⇒ Click on the worksheet, *Automated Form RD 1980-20,* and print.
⇒ Click on the worksheet, *GRH Loss Claim Checklist*, and print.

Lenders Submit the GRH Loss Claim:
Send the completed *GRH Loss Claim Input Worksheet (and bankruptcy worksheet, if applicable)* and an original, completed and **signed** Form RD 1980-20, with all items (as listed on the Checklist) and any other required supporting documentation to the appropriate Rural Development office. If you need blank *GRH Loss Claim Worksheets* and Forms RD 1980-20, for manual completion by your staff, click on the worksheets *GRH Loss Claim Manual Input Worksheet* and *Manual Form RD 1980-20* respectively, and print.

> *Note: Electronic submissions - to facilitate RHS review, lenders are encouraged to submit a digital copy of the file by email or diskette, as well as the hard copy documentation. The digital file can also be saved for any future recovery needs.*

RHS Steps:
⇒ Review the loss claim request and supporting documentation submitted by the lender.
⇒ Obtain the signature of the RHS Approval Official on the completed Form 1980-20.
⇒ Enter the loss claim into the automated GLS Loss Claim system.
⇒ Notify the lender of their processed claim.

FUTURE RECOVERY CALCULATOR

The Future Recovery Calculator is used to calculate the amount a lender is required to pay the Agency when a lender recovers funds after a loss claim is paid. Future recovery can come in two different forms:

A. *Actual Payment* - For example, a check received for a delayed insurance payment, a collection on a deficiency judgment, or other similar payments.

B. *Higher than Estimated Sale Price* - When the loss claim is calculated for unsold REO, it is based on an estimated sale price established by a third party "liquidation" value appraisal of the property. If the property sells at a higher price, that difference must be reported to the Agency as future recovery. [Note: If the property sells for a lower price, the Agency does not reimburse the lender for additional loss.]

The Future Recovery Calculator considers the relative percentage of loss borne by the Agency and the lender based on the original claim, and calculates the amount of the recovery owed to the Agency.

To use the Future Recovery Calculator, the user must have a copy of the Advice of Payment/Notice of Termination on which the original loss claim payment was based. Additionally, the user must have:

A-1. The amount of any future recovery collected by the lender; and/or
B-2. The amount for which the property was sold.

The Future Recovery Calculator can be used by RHS field staff and by lenders to calculate future recovery owed the Agency. Lenders should complete the worksheet and send a copy of the worksheet along with a check, in the indicated amount, to the appropriate Rural Development office.

FUTURE RECOVERY CALCULATOR (continued)

Starting Point

File Name: *RHSLoss v12.xlt* (Microsoft Excel 2000 Template)
Worksheet Name: *Future Recovery Calculator*

Open the filename *rhsloss v12.xlt* and click on the tab for the *Future Recovery Calculator*. **Field locations** (row number and column letter) are listed below and refer to the row and column in the spreadsheet that corresponds to the information that should be entered by the user, when applicable. References to Form RD 1980-20 refer to the form on which the original loss claim payment was based.

Field	*Enter/Input*
1	Borrower's full name.
2	Borrower's Social Security Number.
3	Lender's loan number for this borrower.
4	Lender's Tax ID number. (9-digit number without the leading zero, i.e. 123456789).
5	Lender's Name from Item 9 of Form RD 1980-20.
6	Date of original loss claim from Item 2 of Form RD 1980-20.
8	Net Loss Amount from the Advice of Payment/Notice of Termination.
9	Primary Loss Amount Paid Lender from the Advice of Payment/Notice of Termination.
10	Original loan amount from Item 27 of Form RD 1980-20.
11	Liquidation-appraised value of the property from Item 23 of Form RD 1980-20.
12	Amount for which the REO property was sold to third party.
13	* Difference between Appraised Value and Amount Sold to 3rd Party *
14	Actual Rate of Commission for REO Sale (Enter the actual Commission percentage rate charged to sell the REO)
15	* Allowance for Additional Commission (Commission capped at 6%) *
16	Cost of any capital improvement expenses the lender incurred that directly resulted in an increase in the sales price of the REO property. This does not include additional interest, taxes, insurance, closing help, appraisals, inspections, winterization, lawn care, pest inspections, etc. These expenses were already considered in the original loss claim by utilizing the Acquisition/Management factor.
17	Amount of seller concessions paid from the sale proceeds above what is reasonable and customary for the area, which directly resulted in an increased sales price.
18	Adjusted sales price is automatically calculated.
19	* Field *automatically calculated* *
20	Amount of recovery collected by the lender **not** included in the original loss claim and **not** previously reported to RHS.
21	Amount of recovery previously reported to RHS **not** included in original claim submission.
22	Sum of the future recovery **previously paid** to RHS. This amount may be equal to or less than the amount indicated on Row 14.
23-34	* Fields *automatically calculated* *

Note: The amount the lender must remit to the Agency is on Row 34, "AMOUNT LENDER TO PAY RHS." This amount is capped at the total loss paid by RHS to the lender and by the Total Amount of Recovery.

FUTURE RECOVERY CALCULATOR (continued)

Printing and Mailing the Future Recovery Calculator:

Printing the Future Recovery Calculator:
⇒ Click on one of the following:
  ➢ *Future Recovery Calculator* tab in the worksheet
  ➢ *Go To Future Recovery Calculator* tab at the top of the *GRH Loss Claim Input Worksheet*.
⇒ Click on the print tool button.

Lenders Submit (for **future recovery only**) the following to the appropriate RD Office that completed the original loss claim he following:
⇒ A copy of the completed *Future Recovery Calculator* worksheet.
⇒ A copy of Form RD 1980-20, with Items 1-9, Item 29, and Item 42 completed. Item 1 should be coded as a "4" to indicate a recovery.
⇒ A copy of the Advice of Payment/Notice of Termination outlining the initial loss claim payment.
⇒ A check, payable to RHS, in the amount specified on Row 34 of the *Future Recovery Calculator Worksheet*.

RHS Steps:
⇒ Obtain the signature of the RHS Approval Official on the completed Form RD 1980-20.
⇒ Mail the completed *Future Recovery Calculator Worksheet* and the Form RD 1980-20, with **Items 1-9**, **Item 29**, and **Item 42** completed (**Code Item 1** as a "**4**" for **Recovery**) to the Finance Office, Office of the Deputy Chief Financial Officer, Attention: FC-350, GLB, PO Box 200011, St. Louis, Missouri 63120-0011.
⇒ Process the lender's check on Form RD 451-2, *Schedule of Remittances*, as a **miscellaneous collection code "34**."

If you have any questions, please contact Susanne Wilson in the Single Family Housing Guaranteed Loan Division at (202) 720-9705 or by e-mail at: Susanne.Wilson@usda.gov.